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«DOES SOCIAL DEMOCRACY HOLD UP HALF THE SKY? THE DECLINE OF PASOK AND THE RISE OF SYRIZA IN GREECE»

NONPOLITICS AUSTERITY, CAPITALISM, MARXISM, SYRIZA

After the outbreak of the global economic crisis in 2008, Greece was the first Euro-area country where the neoliberal 'shock doctrine' was imposed. This was an attempt to place all the fallout of the systemic capitalist crisis on the shoulders of the working people. These extreme austerity policies were not left undisputed. A series of mass demonstrations and strikes ensued. The most important result of these mass movements was the fast disintegration of the political system as we used to know it, mainly through the unravelling of the Socialist Party (PASOK) that has stayed in power for more than 20 years in the last three decades and which negotiated a Troika (International Monetary Fund (IMF)-European Central Bank (ECB)-European Union (EU) 'stabilization programme' for the country and introduced class-ridden austerity policies.¹ Mass movements and popular demonstrations finally led to national elections in May and June 2012, through which the Coalition of the Radical Left (SYRIZA) became the major opposition party in parliament.² In the early national elections on 25 January 2015, SYRIZA achieved a stunning victory with 36.3 per cent, as compared to 27.8 per cent of conservative New Democracy and 4.7 per cent of PASOK, the two government coalition partners until that time. This electoral result translated into 149 parliamentary seats for SYRIZA, out of a total of 300, and led to a coalition government with the 'Independent Greeks' (ANEL), an anti-austerity party stemming from the conservative political camp (4.75 per cent, 13 seats).³

However, the collapse of PASOK does not mean that social-democratic political strategies will be marginalized, or even cease to exist, in the Greek political scene.

After six months in office, the SYRIZA-ANEL government agreed on a third financing programme by the European Stability Mechanism (ESM) and the IMF, connected to a new austerity Memorandum. The secession of 25 SYRIZA MPs, who soon after formed a new anti-austerity parliamentary group called Popular Unity (LAE), led to the resignation of the government and to new national elections on 20 September 2015. SYRIZA won again with 35.4 per cent and 145 seats, as compared to 28.10 per cent and 75 seats for New Democracy, and formed a new coalition government with ANEL (3.69 per cent, 10 seats). LAE, with only 2.86 per cent of the vote, did not reach the 3 per cent electoral threshold and remained without any representation in parliament.⁴

This chapter approaches the stability and prevalence of social-democratic type policies in Greece on the basis of a Marxist approach to (European) capitalism, relations of class representation and the historical tradition of the Greek left.

A SHORT EXPOSITION ON THE HISTORY AND THE IDEOLOGICAL-POLITICAL TRANSFORMATION OF GREEK SOCIAL DEMOCRACY AND THE COMMUNIST LEFT

Greek socialists have a tradition of political coalition or even coexistence with the communist party(ies) of Greece, longer than in most West European countries.

During the German occupation (1941–44) in World War II, a massive mobilization and armed resistance of the Greek people took place, under the leadership of the leftist National Liberation Front (EAM) in which all socialist groups and parties coexisted with the KKE. After the national liberation in October 1944, the first phase of civil war broke out (December 1944 to January 1945) in which EAM fought united against 'national' Greek police and army forces (mostly former collaborators of the Axis occupation forces) and the British army. Greek socialists did not follow KKE and the 'Democratic Army of Greece' in the second round of civil war (1946–49), however most of them participated in or collaborated with the United Democratic Left (EDA), which was founded in 1951 (two years after the final defeat of the left in the civil war) as a coalition of communist and non-communist leftists, and remained a major political party until the military coup of April 1967.⁵

Soon after the outbreak of the civil war, in 1947, a special legal framework was created, which excluded leftists from certain facets of political and social life: communist organizations were banned, communists and 'fellow travellers' were deprived of certain civic

rights, such as travelling abroad, being employed in the broader public sector, obtaining a driver's licence etc.

The questioning, by the democratic and labour movement, of this 'state of the nationally minded', that is, of the oppressive anti-communist state that emerged from the civil war, allowed EDA, in the 1950s and 1960s, to maintain a radical 'revolutionary' political physiognomy.

At the same time, the leadership of the left tried to reverse the national-ist-conservative propaganda about communist 'anti-national complicity', by presenting itself as *the* national political force par excellence. This was achieved through a discourse that presented the 'Greek society and economy' (i.e. Greek capitalism) as 'backward' and 'dependent', by means of which the left appeared as the self-appointed defender of the 'real' interests of the Greek economy (i.e. of Greek capitalism and its expanded reproduction). In this context, Greek capitalism's international economic links were interpreted as putting Greece in a state of 'dependence' and presented as a prime mover explaining and determining everything from the class relations of domination to the developmental tendencies of Greek capitalism. Social change was accordingly to be understood by the proscribed Communist Party (KKE) and EDA as the continuation of a struggle for 'national independence', the class struggle was consigned to the margins and capitalist power relations were conceived, falsely, as relations (and conflict) of 'Greek society' or 'the Greek economy' with 'foreign interests'.

As a result of this theoretical inversion, the traditional (post-Stalin-ist) communist left adapted to – and finally adopted – the bourgeois ideological motifs of 'all-round development of the country', 'rational organization of production' and the like, doctrines that extol the processes of capitalist accumulation and integration while concealing their essence, that is, their social content: the deepening capitalist exploitation. The left was thus gradually integrated into the capitalist strategy and tried to differentiate itself from other political currents through baseless assertions: (a) that only the left had the solutions for 'real development'; (b) that the 'existing strategy' of the Greek bourgeoisie and particularly its course in relation to Europe will inevitably lead to the 'downgrading' and perhaps even 'destruction' of the 'Greek economy'.⁶

This ideological shift of the left takes place in a historical era of rapid growth of Greek capitalism. After World War II the 'real convergence' between Greek capitalism and the more developed capitalisms of Western Europe is particularly marked in the period between 1960 and 1975 (when the per capita gross national product (GNP) of Greece increases at an average rate of 8.5 per cent annually and industrial production at 9.4 per cent annually, as against corresponding rates of growth for the (then) nine countries of the EEC of 3.8 per cent and 3.7 per cent, respectively). After the outbreak of the global overaccumulation crisis in the early 1970s, this convergence process is sustained, somewhat abated, through the succeeding decade and essentially suspended in the period between 1985 and 1994 (on account of the more intensive crisis of over-accumulation of capital in Greece, which, however, was overcome in the early 1990s through an upturn of profitability in the new framework of neoliberal policies)⁷ and becomes evident again from 1995 onwards. In the period 1995–2008 Greece experienced a real increase of the gross domestic product (GDP) amounting to 61.0 per cent. In contrast, growth was much lower in the more developed European economies; 19.5 per cent for Germany, 17.8 per cent for Italy and 30.8 per cent for France and was only comparable to other countries of the so-called 'EU periphery' (Spain, 56.0 per cent and Ireland, 124.1 per cent).⁸ Moreover, statistical evidence shows that higher growth in the 'EU periphery' was associated with both higher profitability and the deterioration in current account positions as a general tendency.⁹ This evidence shows that current account deficits should not be taken as an indication of loss in competitiveness. If this were correct, then how can their positive correlation with growth and profitability be explained?

It can be safely argued, therefore, that the exposure to international competition that was effected through the process of European integration secured for Greece and other less developed countries of the Union satisfactory rates of growth and profitability.

It is evident that the internationalization of Greek capitalism and its orientation towards the processes of European integration (linkage to the EEC in 1961, admission of Greece as the tenth member in 1981, entry into the Euro Area in 2001) are not part of a downgrading or 'de-industrialization' of the 'Greek economy'. They are a strategic choice of the dominant forces of Greek capital to upgrade and reinforce their position both inside the country (against the workers' movement) and within the framework of the international division of labour: an upgrading and reinforcement of their position through exploitation of the 'opportunities' and 'challenges' of international capitalist competition, through attachment to the process of upgrading of Western European capitalisms in the international economy. The entry of Greece into the Economic and Monetary Union and the adoption of the euro thus came as the result of a long process of strategic convergence of Greek capitalism with the process of capitalist growth and integration of the Western European capitalisms.

Moreover, this process in Greece secured the consent of the governed to the project of European integration and thus the capitalist power relations. Given that the left does not speak of the irreconcilable contradiction between capital and labour but of the 'damage' that will be inflicted on 'our economy' by European integration and Monetary Union, the interests of capital are successful in appearing as the interests of the community as a whole.

The resistance to the military junta (1967–74), however, radicalized a significant part of the Greek left and led to the creation of many new organizations and parties,¹⁰ among which PAK, founded by Andreas Papandreu in exile, which, eventually was renamed as PASOK (Pan-Hellenic Socialist Movement), was going to play a very important role after the junta's collapse.

The restoration of parliamentary democracy in 1974 constituted a decisive event in the history of post-war Greece, since it brought a final end to the anti-communist 'state of the nationally minded' (legalization of all communist organizations and parties, abolition of all 'emergency laws' against the left).

Under the new circumstances, the political strategy of both communist parties (see footnote 10) that proclaimed a slow and gradual transition to socialism, which would include those incredible stages of the 'New Democracy', of the 'anti-monopolist Democracy' and so on fell short of the radicalism of the equivalent proclamations of PASOK, while both political currents self-annulled any of their socialist rhetoric, within the ideologies of the 'dependence' and 'inadequate development' of Greek capitalism. According to the conclusions of this perception, socialism will only become possible when the 'transformation' of 'economic development' and 'national independence' is completed, a transformation that requires the government of the country be assumed by the 'progressive forces'.

Simply put, the analysis about the 'backwardness' and 'dependence' of Greek capitalism, the theoretical 'gospel' of both the communist parties and PASOK, suggested the (supposed) irrelevance of anti-capitalist strategy, and the priority of 'economic development'.

Until the beginning of the 1980s, this ideology would conceal its apologetic character because it produced certain political results that improved the economic and social position of the popular classes: the 'welfare state', educational reform, redistribution of income to benefit wages (after their unprecedented reduction during the period of the dictatorship), the institutional strengthening of the trade unions etc., goals for which the left had struggled with apparent possibility of victory.

The same also occurred, however, until the middle of the 1980s with PASOK. Indeed, after 1981, when PASOK rose to power, it tried to implement the visions of 'redistribution of income', beyond which would supposedly lie 'development', boosted by increasing demand, and socialism. The traditional communist left assumed the unhappy role of defending the government programme of PASOK, which the latter systematically breached, when it assumed the government of the country. The left adopted PASOK's slogan of 'change' with a twist by demanding 'real change'!

Thus, radicalism of the first period of the restoration of democracy began to retreat in favour of a reformist ('social-democratic') governmentism, which, as was evidenced in the case of PASOK, had no need of the labour movement in order to exist. The rhetoric of 'institutional reform', 'welfare state' and 'economic development' prevailed instead.

This process intensified after the mid 1980s, when the sharpening of the prolongation of recessionary tendencies convinced the PASOK government that the 'redistribution of income' could no longer constitute a 'realistic' policy for managing the system. Reducing 'entrepreneurial cost', liberalizing markets, combating 'monopolies', in short neoliberal policies were then seen as a necessary, supposedly temporary 'detour to economic stabilization'.

A portion of the cadres of the traditional post-Stalinist left also chose at that point the pragmatism and 'realism' of 'economic stabilization' over the 'utopia' of social reformism, and connected the rhetoric of development to the 'renewed' spouting about 'modernization' coming from the right wing. The ideological change of the traditional communist left thus coincided with the phase of the frontal (economic, political, ideological) attack of the ruling classes on the working class, which was implemented through a series of neoliberal austerity economic programmes (1986–93).¹¹

Without this change in practical ideology of the traditional left (i.e. in the everyday political practice of left parties and the respective consciousness of party cadres and members, in actual non-conformity with the programmes of those parties), it would not have been possible to interpret the inertia of the party apparatuses of the two communist parties, which allowed the ultimate opportunism of their leaderships to become a reality in the summer of 1989: both traditional communist parties of the country participated then in a 'caretaker government' of the right (New Democracy), which was supposed to investigate the 'economic scandals' of the previous PASOK governments, and which practically opened up the way for the third in a row electoral victory of New Democracy in April 1990.¹² Only a few well-known cadres or party organizations of intellectuals offered resistance to this accession. The electoral victory of the right in 1990 stabilized and legitimized neoliberal policies, and in this sense was a turning point in the recent political history of Greece.

The domination of bourgeois ideology over the practical ideology of the left had, then, already been completed when the collapse of the regimes of 'actually existing socialism' in Eastern Europe took place, a historical event that further marginalized left rhetoric about socialist transformation of advanced capitalist societies and significantly contributed in the stabilization of neoliberal policies all over Europe in the 1990s and 2000s. For its part, PASOK managed to remain in power until 2004, despite its turn towards neoliberalism, as it exploited economic recovery and growth since the mid 1990s to create dense corporatist and clientelist networks on all levels of Greek society.

SYRIZA'S HISTORY, CONTRADICTIONS AND MUTATION

A political unity of different traditions

SYRIZA was formed in 2004 as a coalition of the left party SYN (see footnote 12) and twelve other political groups of the left, at least five of which belonged to the so-called 'revolutionary extra-parliamentarian left'. The formation of SYRIZA was the final step

of a process that started in the year 2000, when most political groups that later formed SYRIZA coexisted in the Greek and European alter-globalization movement that was being shaped during that period. In the Genoa 'Group of Eight' Summit protest, from 18 to 22 July 2001, possibly the biggest European alter-globalization demonstration ever, several thousand Greek leftists participated, the majority being members of the political organizations that later formed SYRIZA.

SYRIZA started as a fairly loose coalition of different left currents, whose coexistence allowed them to be represented in the Greek central political scene and the parliament, as an assertive left pole beside the KKE. The national elections of 2012 were a turning point in SYRIZA's history, when it became the main opposition in the Greek parliament. It was soon after transformed into a unitary party comprising different ideological streams in July 2013, on the basis of the Resolution of its 1st founding Congress.¹³ However, SYRIZA never developed an entirely new synthesis, but actually remained a 'party of political unity', resembling rather a united front of different fractions and influential cadres.

Although comprising more than ten tendencies or streams of thought, SYRIZA practically derives from four major traditions: (a) The EDA-KKE tradition (which also contains the tensions between former pro-Soviet and Euro-communist sub-traditions); (b) the extra-parliamentarian left tradition (which contains the tensions between the Trotskyist, the Maoist and the radical Euro-communist sub-traditions); (c) the tradition of the 'alter-globalization movement' of the early 2000s, which practically influenced most SYRIZA parts, as all parties and political groups that formed SYRIZA had participated in the Greek and European Social Forums;¹⁴ (d) the reformist social-democratic tradition, which was strengthened after the 2012 elections and the disintegration of PASOK that followed: as SYRIZA became at that time the main opposition in the Greek parliament, a part of its leadership, mostly stemming from the EDA-KKE tradition, adopted a reformist stance, advocating that the party should shift towards 'pragmatism' in order to win the next elections. A new narrative emerged within the party, which distinguished between the 'old SYRIZA of 4%' and the 'new SYRIZA of 27% (after the 2012 elections)'. This tendency was further strengthened by the fact that many former PASOK cadres and members entered SYRIZA.

The June 2014 elections for the European Parliament and the 'Thessaloniki Programme'

In the June 2014 elections for the European Parliament, SYRIZA led with 26.52 per cent as compared to 22.78 per cent of New Democracy. It was clear by then that SYRIZA would form, or at least be the leading partner in, the new government to come after the next national elections.

With arguments about 'effectiveness' and 'for safeguarding electoral victory', the majority of SYRIZA's leadership started flirting with centre-left politicians and small centre-left political formations (e.g. with the Democratic Left, a party formed in 2010 after splitting from SYRIZA, a government partner with New Democracy and PASOK in the period 2012–13, gained 1.2 per cent in the elections for the European Parliament in 2014). At the same time, in the official language of the party in the mass media, the slogans, as well as the 'immediate political targets' of SYRIZA started changing: the slogan 'For a Government of the Left' was gradually replaced by 'Government of National Salvation'; 'Redistribution of Power, Wealth and Income to the benefit of the Working Majority' was displaced by 'Productive Reconstruction of the Country'; all programmatic positions regarding the democratic control of the society and the economy by the people, the development of self-directed, co-operative productive schemes, non-market 'social economy' etc. were put aside; even SYRIZA's proposition to tax the rich (the party's programme on the reform of the tax system, presented by the president of the party himself in March 2013) was cast aside.

This shift to pragmatism was included in SYRIZA's electoral programme presented in September 2014, the so-called Thessaloniki Programme.¹⁵ As M. Lebowitz correctly argues:

In place of any anti-capitalist (let alone, socialist) measures was a National Reconstruction Plan which focused upon restarting the Greek economy through public investment and tax reduction for the middle class. Recovery and growth (along with a negotiated moratorium on debt servicing) would rescue the Greek economy and allow it to 'gradually' reverse all the memorandum injustices, 'gradually' restore salaries and pensions and rebuild the welfare state. Economically, the Thessaloniki Programme was based upon Keynesian (not even post-Keynesian) theory, and it supplemented its focus upon aggregate demand stimulation by proposed measures to deal with the humanitarian crisis (e.g. subsidies for meals, electricity, medical care and public transit for the poor and unemployed).¹⁶

It is true that a lot of SYRIZA cadres, members and supporters considered the Thessaloniki Programme to be a tactical move, in the sense that it described only the first steps of a radical programme of democratic change that would evolve gradually, albeit steadily. This programme was supposed to: (a) stop austerity policies and (b) secure a deal with the official lenders of the country (the EU, ECB and IMF, which were called the Troika and are now referred to as the 'Institutions') in order to cover the financing needs of the Greek public sector. The 'financial gap' of the Greek public sector mainly refers to money owed to the Institutions in the framework of the bail-out programmes of the previous years.

However, a few weeks after the formation of the new government and especially after signing the preliminary agreement of 20 February 2015, it became clear that the Greek government was negotiating with the 'Institutions' by proposing a milder version of the austerity Memoranda.

From the 20 February 2015 agreement

to the third austerity Memorandum (the 13 July agreement)

In the government formed by Alexis Tsipras after the 25 January elections, several important Ministers were appointed, including the Minister of Finance Yanis Varoufakis, who did not originate from SYRIZA or any left tradition.

Shortly after his appointment as Minister of Finance, Varoufakis repeatedly declared publically that 70 per cent of the Memorandum (the austerity 'financial stability programme') is favourable for Greece.¹⁷ However, the SYRIZA government did not come to power supporting 70 per cent of the Memorandum. If SYRIZA had pledged so, it would probably not be included on the parliamentary map today, let alone playing the key role. Such notions redefined the SYRIZA mandate and amounted practically to an attempt to change the social alliances, which had so far supported the historical experiment of a left government in Greece.

Moreover, the Ministry of Finance produced publicity that totally distanced itself from SYRIZA's programmatic positions. In its *National Programme of Reforms* (Ministry of Finance, April 2015), all main arguments of the neoliberal austerity agenda are being adopted: Economic growth relies on exports and every wage increase is automatically considered as being against competitiveness.

Greece has proceeded to an unprecedented economic adjustment aimed at improving budgetary consolidation on the one hand, and on the other to enhance the competitiveness of the economy ... The shift to a development model with export orientation seems to have been achieved in the years 2013 and 2014, when the current account recorded a surplus of 0.6% and 0.9% of GDP respectively.¹⁸

Furthermore, the minister himself always advocated in favour of a strategy that would supposedly lead Greece to its so-called 'growth stage', which is going to be devoid of class bias. His following declaration at the 20th Banking Forum of the Union of Greek Banks, on 22 April 2015 is characteristic:

In the year 2015, after five years of catastrophic recession, where ultimately everybody is a victim, there are only a few cunning people who have profited from this crisis. The era in which a government of the left was by definition contrary to the milieu of entrepreneurship has passed. If we get to a point when there is growth, we can start talking again about conflicting labour and capital interests. Today we are together.

In the midst of such an ideological and political climate, the Greek government reached an intermediate agreement with the lenders, on 20 February 2015, which included a four-month extension of the existing Memorandum, signed by the previous government. According to the 20 February agreement, the Institutions had the right to adjudicate on whether Greece's commitments had been reached or not, and so even scheduled instalments as they appeared in the previous programme were left pending, as there were no positive evaluation by the Institutions.

The 20 February agreement made clear that the Greek government was negotiating within the European neoliberal austerity framework, merely seeking a 'fig leaf' to conceal its compromises. This 'fig leaf', which has often been described as the 'red lines' of the Greek government, was, on the one hand, a moderate programme of 'ending the humanitarian crisis' (energy subsidies, food stamps etc. for the very poor) and, on the other, rejection of any direct nominal reduction of wages and pensions, maintaining the existing restrictions as regards mass lay-offs, and maintaining low VAT coefficients for certain mass products and in the Greek islands.

This became even more clear after the promulgation, on 5 June 2015, of the Greek proposals to the Institutions.¹⁹ The government had surrendered its programme (even the Thessaloniki Programme) and was attempting to get an agreement that would simply leave intact the existing neoliberal institutional and economic framework, with no further austerity measures to be taken as regards low and medium incomes.

However, the Institutions never accepted the Greek government's 'red lines' and shaped a plan to further finance Greece under the conditionality of deepening the neoliberal policies (where wage and pension cuts were also included), which was codified as the 'Juncker plan'. The negotiations went on for five more months, during which the Greek government did not receive any of the owed tranches by its lenders, whereas it continued paying all of its debt obligations to the ECB and the IMF, that is, more than €7 billion, or over 3 per cent of GDP, until the final depletion of all public funds and the delay, by necessity, of Greece's payment to the IMF on 30 June 2015, as the government practically ran out of cash.

On 26 June Greek Prime Minister Alexis Tsipras proclaimed a referendum on the 'Juncker plan' and on 28 June the government decided to impose restrictions on withdrawal of deposits from the Greek banks ('bank holiday' and 'capital controls'), as the ECB refused any increase in the Emergency Liquidity Assistance provided to the Greek banks, which could meet the needs of anxious depositors who withdrew their savings after the proclamation of the referendum.

The election campaign for the referendum had clear class and social characteristics, which had not been seen in the Greek political scene for decades. There were two 'Greeces' fighting each other. On one side, there were roughly the poor, wage-earners, the unemployed and many small entrepreneurs fighting for No, while on the other were the capitalists, the managerial class, the higher ranks of the state and so on agitating for Yes.

Ultimately, a broad coalition of the social majority saw the referendum as a chance to express their commitment not to continue with austerity and neoliberalism. So, the Greek people voted with the banks closed and in an atmosphere of fear that declared voting No would lead to disaster. There was also intense mouth-to-mouth blackmail from employers pressuring workers to vote 'Yes'. Yet despite this fear and propaganda, 61.3 per cent voted 'No'.

However, the Greek government transformed the No vote of the Greek people into a Yes vote in the parliament, in consensus with the conservative and centre-left opposition, and on 13 July 2015 in Brussels signed an agreement with the Institutions that practically duplicated the 'Juncker plan'.²⁰ The government itself described the agreement as the result of 'blackmail' by the dogmatic European elites²¹ and a 'defeat' due to the negative relations of forces in the 'struggle' between Greece and the Institutions. However, 32 out of the 149 SYRIZA MPs, mostly members of the party's 'Left Platform', voted against the agreement in the Greek parliament, while six abstained from voting. Finally, on 20 August 2015, the prime minister decided to resign, so that new elections would be proclaimed. In response, 25 until then SYRIZA MPs, under the leadership of former Energy Minister Panagiotis Lafazanis, broke away from the party, forming a new party, 'Popular Unity' (LAE).

The official SYRIZA approaches to the negotiations and the 'demands of the Institutions' perceived austerity and the Memoranda either as simply 'an economic mistake', in the sense that it constitutes a recipe that is unable to boost growth, or as an attack against the Greek economy and society by 'foreign interests'. In this framework, the final capitulation of SYRIZA to the Institutions is being interpreted as a 'heroic fall in an uneven battle', which can be reversed in the future through 'equivalent measures' that the 'left government' shall put forward, such as combating corruption and reforming the state apparatuses.

Is austerity a 'false policy'?

The question that arises from the above is the following: Why have the European Institutions never deviated from their austerity agenda, at least since the outbreak of the global financial and economic crisis in 2008? Why did the Greek capitalist forces and their allies fight with such a fanatic frenzy for the 'Yes' vote in the 5 July referendum, in support of the 'Juncker plan' and a third Memorandum?

The answer is clear: austerity is not a 'false policy' but a class strategy promoting the interests of capital against those of workers, professionals, pensioners and economically vulnerable groups. In the long run, it aims at creating a model of labour with fewer rights and less social protection, with low and flexible wages and the absence of any meaningful bargaining power.

On the surface, austerity appears as a strategy of reducing entrepreneurial cost. It reduces the labour cost of the private sector, increases profit per unit (labour) cost and therefore boosts the profit rate. It is complemented by economies in the use of 'material capital'²² and by institutional changes that, on the one hand, enhance capital mobility and competition and, on the other, strengthen the power of managers in the enterprise and bondholders in society. As regards fiscal consolidation, austerity gives priority to budget cuts over public revenue, reducing taxes on capital, dismantling the progressive tax systems and downsizing the welfare state. However, what is cost for the capitalist class is the living standard of the working majority of society. This applies also to the welfare state, whose services can be perceived as a form of 'social wage'.

The institutional arrangement of the Eurozone, with the ECB being deprived the power of a lender of last resort, deliberately reinforces neoliberal policies. Member states will not always have the necessary liquidity to pay off bondholders, as is nowadays the case with Greece. This makes the downsizing of the welfare state a precondition for financial solvency. The ruling European elites have thus voluntarily acquiesced to a high degree of sovereign default risk in order to consolidate the neoliberal strategies. In other words, they have jointly decided to exploit the crisis as a means to further neoliberalize state governance.

The continuation of austerity is always a matter of the social relation of contending forces. Capitalist societies, first of all the inner workings of an enterprise, constitute a battlefield between antagonistic interests. As Karl Marx commented on the limits of the working day:

The capitalist maintains his rights as a purchaser when he tries to make the working-day as long as possible ... On the other hand, ... the labourer maintains his right as seller when he wishes to reduce the working-day to one of definite normal duration. There is here therefore an antinomy, of *right against right*, both equally bearing the seal of the law of exchange. Between equal rights force decides.²³

Beyond certain limits, the subjection of all parts of social life to the unfettered function of markets and the dictate of profitability may create a 'political risk' for the neoliberal establishment, since it can trigger uncontrolled social outbreaks.²⁴ This 'political risk' was a strong weapon in the hands of the Greek working class, SYRIZA and the government in order to stop austerity and guarantee an agreement with the lenders that would not violate the 25 January mandate. Under one precondition: that SYRIZA and the government stick to the class partisanship of its programme, the strategy of 'people before profits', i.e. a strategy with an anti-capitalist direction – redistribution of income and power in favour of labour, to re-found the welfare state, democracy and participation in decision making; a radical reform of the tax system (so that capital and the wealthy strata of the society finally bear the appropriate burden); a wave of radical domestic institutional changes in order to build the allegiance of the subordinate classes on a new basis.

However, as already discussed, this strategy had been abandoned at least since summer 2014, that is, after SYRIZA was victorious in the elections for the European Parliament.

THE EVOLUTION OF SYRIZA TOWARDS SOCIAL DEMOCRACY AND THE NEW POLITICAL LANDSCAPE AFTER THE SEPTEMBER 2015 NATIONAL ELECTIONS

From its very beginning, social democracy conceived capitalism as a system that can be politically managed so as to become beneficial to both capital and labour. In the words of Eduard Bernstein from the year 1899: 'Democracy is in principle the suppression of class government, though it is not yet the actual suppression of classes.'²⁵ On the basis of this approach, social democracy slid from its historic strategy of 'peaceful transition to socialism' to welfare politics and Keynesian demand-side macroeconomic growth policies, and further to centre-left neoliberal pragmatism.

Social democracy practically attempts to refute the notion of capitalism's inherently exploitative and contradictory character – the notion that it constitutes a system of class power and class exploitation (extraction of surplus value) of the labouring class by the capitalist class. It is aware of the reality of inequality and social exclusion but attributes it to the hegemony of the 'counterproductive' financial system and to 'false' policies, not to the class structure of the capitalist economy. It does not aim, therefore, at promoting mass movements and curtailing the class power of capital (which would mean the exacerbation of social conflicts), but at 'stabilizing the economy'.²⁶ It complies with the capitalist strategy of profit maximization as a presupposition of increased investment and creeps to neoliberalism as it conceives the maintenance of capitalist profitability as the presupposition of 'social justice'.

As Karl Marx has repeatedly stated, in the capitalist mode of production, the income of the working class, the wage and the 'social wage' (the welfare state), depends on the priorities of capital accumulation: 'To put it mathematically: the rate of accumulation is the independent, not the dependent variable; the rate of wages is the dependent, not the independent, variable.'²⁷ Given the low rates of capital accumulation after the 2008 crisis as well as the existing social relation of opposing forces, enterprises ('individual capital' in Marx's terminology) spontaneously 'choose' to cope with the profitability problem not by expanding production and demand but further squeezing the labour share.

The sketching of the post-war history of the Greek left has shown, however, that the traditional post-Stalinist left also shared a lot of the main strategic ideas and practices with social democracy. Most importantly, it shared the goals of 'national independence' and 'economic development', that is, this characteristic mixture of 'statism', or rather 'governmental-ism'²⁸ and economism²⁹ that shaped the rhetoric of all dominant fractions of the Greek left since the civil war.

Instead of putting the interests and the power of the working people above this bourgeois 'common interest' rhetoric, SYRIZA finally complied with capitalist 'reality', which emanated from the internal 'laws' of 'economic growth', that is, the 'laws' of capital accumulation on an expanded scale. By signing the new Memorandum, SYRIZA agreed to clear the Greek institutional and labour market framework from 'rigidities' stemming from past workers' victories and gains.

SYRIZA always had two 'spirits': on the one hand, the radical 'spirit' of the alter-global movements of the early 2000s, and, on the other, the 'patriotic reformism' of the KKE-EDA tradition. As we have argued above, at least after it had become the strongest party in Greek politics and without doubt after its ascent to government, SYRIZA followed the 'reformist' path, in the social-democratic sense, of 'economic stabilization and growth' as a prerequisite for 'social cohesion and change'. The roots of this shift are to be found not only in the 'new situation' of becoming a governing party, i.e. a party that is called to manage the capitalist state but also the 'old situation', that is, the ideological and political tradition of the post-Stalinist left.

SYRIZA as a governing party is thus in a process of transformation into a neoliberal centre-left party, practically belonging in the camp of contemporary social democracy.

The Greek political landscape continues, of course, to be unstable. The centre-left (liberal social-democratic) camp, in which SYRIZA enters at fast pace, also comprises a conglomeration of small parties (To Potami, PASOK), political groups (Democratic Left) and cadres, the majority of whom stem from the milieu of the formerly powerful PASOK. The final configuration of this political camp cannot be forecasted.

The success of SYRIZA in the September 2015 national elections has to do, on the one hand, with the political 'inertia' of the 'lesser evil' (a majority of the working class still believes that SYRIZA clearly differentiates itself in a positive manner from the 'old political system'), and, on the other, on the lack of a clear political alternative.

The political narrative of LAE (as well as that of KKE, to a large extent) bases itself on statist-economistic arguments, in many aspects similar to that of governing SYRIZA: 'We have *the* plan to stop austerity, as a prerequisite for the productive restructuring of the economy'. The *economistic* bent of LAE's political intervention can be fathomed from the importance given to acquiring a national currency (as a decision to be taken by a prospective *progressive government*). The introduction of a new national currency is seen as a means for boosting competitiveness of the Greek economy on the international level. There is a case to be made whether currency devaluation can guarantee the same level of (labour and material) cost reduction, but with lower unemployment, to the type of 'internal devaluation' being pursued at present by austerity policies. However, it is clear that

devaluation is mainly seen as a means favouring national capitalist interests (competitiveness of the domestic economy) and less a socialist or anti-capitalist perspective.

SYRIZA remains prevalent in the Greek political scene. However, not as a movement of the radical left. After its two electoral victories in seven months, 'order prevails' again in Greece, and social democracy continues to hold up half the sky.

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NOTES

PASOK stayed in power during the following time periods: 1981–89, 1993–2004, 2009–11. In the period 2011–15 PASOK participated in coalition governments with various parties, the conservative New Democracy being the main partner.

SYRIZA was until then a small radical left party (4.6 per cent in the national elections of 2009) (see also below).

New Democracy elected 76 MPs and PASOK 13 MPs. Other parties in the parliament: Golden Dawn (Nazis) 6.3 per cent and 17 seats, To Potami (liberals) 6 per cent and 17 seats, KKE (Communist Party of Greece) 5.5 per cent and 15 seats.

Other parties in the new parliament: Golden Dawn 6.9 per cent and 18 seats, PASOK 6.28 per cent and 17 seats, KKE 5.55 per cent and 15 seats, To Potami 4.09 per cent and 11 seats, Union of the Centre 3.43 per cent and 9 seats.

M. Mazower (ed.) (2000). *After the War Was Over. Reconstructing the Family, Nation, and State in Greece, 1943–1960*. Princeton and Oxford: Princeton University Press.

From this viewpoint the following announcement by the Administrative Committee of EDA, at the time of acceptance of Greece's application to join the European Economic Community (EEC) in 1959, is entirely typical: 'The desire and the aspiration of our partners in the Common Market is that Greece should remain a backward agricultural country, a source of raw materials and a market for their industrial products ... For 75% of our backward and over-protected industry ... it is the difference between life and death' (Avgi, 1 August 1959). Three days before this (29 July 1959) the editors of Avgi had forecasted an even less auspicious future: 'No business is going to survive this relentless competition. Any that are not absorbed by the trusts will become their appendages and will be annihilated.'

See E. Ioakimoglou and J. Milios (1993). 'Capital Over-accumulation and Economic Crisis: The Case of Greece (1960–1989)'. *Review of Radical Political Economics*, 25 (2) (June): 81–107.

See J. Milios and D.P. Sotiropoulos (2010). 'Crisis of Greece or Crisis of Euro? A View from the European 'Periphery''. *Journal of Balkan and Near Eastern Studies*, 12 (3): 223–40. J. Milios and D.P. Sotiropoulos (2009). *Rethinking Imperialism: A Study of Capitalist Rule*. London and New York: Palgrave Macmillan.

See D.P. Sotiropoulos, J. Milios and S. Lapatsioras (2013). *A Political Economy of Contemporary Capitalism and its Crisis. Demystifying Finance*. London: Routledge: Chapter 9.

In February 1968, the exile Communist Party of Greece (KKE) was split into two parts: the pro-Soviet 'KKE' and 'KKE (interior)', which shortly after espoused the Euro-communist line.

For an analysis of the class character and the inner rationality of neoliberalism and austerity as profit raising and power redistribution strategies, see S. Lapatsioras, J. Milios and D.P. Sotiropoulos (2015). 'Addressing the Rationality of "Irrational" European Responses to the Crisis. A Political Economy of the Euro Area and the Need for a Progressive Alternative'. In A. Bitzenis, N. Karagiannis and J. Marangos (eds), *Europe in Crisis*. London: Palgrave Macmillan: 67–76. D.P. Sotiropoulos, J. Milios and S. Lapatsioras (2014). 'An Outline of a Progressive Resolution to the Euro-area Sovereign Debt Overhang: How a Five-year Suspension of the Debt Burden Could Overthrow Austerity'. Levy Economics Institute of Bard College, Working Paper No. 819. John Milios, (2015). 'The Class Logic Behind Austerity Policies in the Euro-area: Can SYRIZA Put Forward a Progressive Alternative?'. *Socialist Project*, e-bulletin No. 1124, 1 June, <http://www.socialistproject.ca/bullet/1124.php>. See also Ioakimoglou and Milios, 'Capital Over-accumulation'.

In 1987, KKE (interior) was renamed Greek Left (EA) and in 1989 formed the Coalition of the Left and Progress (SYN) with KKE and some non-communist (social-democratic) groups. In the same year, SYN participated in a 'caretaker government' with New Democracy. After its poor electoral result in the 1990 general elections (10.3 per cent as compared to 13.1 per cent in the June 1989 elections), KKE pulled back from SYN and is following a sectarian isolationist policy, initially condensed in the party's slogan 'five parties, two policies' (meaning 'KKE against all other parties', which supposedly follow converging policies). However, a large number of KKE cadres and members left the party and remained SYN members. SYN was then converted from an alliance to a unitary political party (1991).

See <http://www.syriza.gr/article/id/53894/The-political-resolution-of-the-1st-congress-of-SYRIZA.html#Vb9GBov9Ld4> (accessed August 2015). Also <http://links.org.au/node/3466>. For more details on the history of SYRIZA, see <http://en.wikipedia.org/wiki/Syriza> (accessed August 2015).

See http://en.wikipedia.org/wiki/Social_forum (accessed August 2015).

<http://www.syriza.gr/article/id/59907/SYRIZA—THE—THESSALONIKI—PRO—GRAMME.html#VcCvqYv9Ld4> (accessed August 2015).

M.A. Lebowitz, 'Social Democracy or Revolutionary Democracy: Syriza and Us'. *The Bullet, Socialist Project*, e-bulletin No. 1149, <http://www.socialistproject.ca/bullet/1149.php> (accessed August 2015).

Varoufakis declared on 9 February 2015: 'We will implement deep reforms in coordination with the OECD, which is why its secretary general Mr. Gurria is coming to Athens tomorrow in order to help us design these reforms and control their implementation in a transparent way. To these reforms we will add about 70% of the reforms or commitments that have already been laid out in the current memorandum. As wise people, we don't object to these reforms as long as the other 30% of reforms, which we deem unacceptable, are either suspended or removed.' See <http://investmentwatchblog.com/greece-eu-medicine-is-toxic-fm-varoufakis-slams-eu-austerity-program-me/#T7Lcg9pYPRzdoLjv.99> (accessed August 2015).

http://ec.europa.eu/europe2020/pdf/csr2015/nrp2015_greece_el.pdf (accessed August 2015).

'Agreement on the Economic Policy, the Reforms of the Period 7/2015– 31/3/2016 and the Completion of the Current Programme', see <http://www.enikos.gr/data/files/3145c3ab732cf8cb3fc45710a9d806f9.pdf> (accessed August 2015).

Full Statement of Eurosummit Agreement with Greece, 13 July 2015, see <http://www.consilium.europa.eu/.../20150712-eurosummit-statement-greece/> (accessed August 2015).

The Greek government alleged that if it had not accepted the agreement the Institutions would have proceeded in expelling Greece from the Euro Area, a development for which the country was not prepared. The same argument was put forward after the 20 February intermediate agreement. However, as Gerry Rice of the IMF clearly stated on a press communiqué on 23 July 2015, 'as we've said before repeatedly, our baseline assumption has always been that Greece would remain a member of the euro area'. See <http://www.imf.org/external/np/tr/2015/tr072315.htm> (accessed August 2015).

Alas, another demand curtailing policy.

K. Marx (1990). *Capital*, Volume 1. London: Penguin Classics: 344, emphasis added.

As Franklin D. Roosevelt stated in his speech at Madison Square Garden, New York City on 31 October 1936: 'We know now that Government by organized money is just as dangerous as Government by organized mob.'

E. Bernstein (1961). *Evolutionary Socialism*. New York: Schocken Books: 143. Rosa Luxemburg criticized this approach as follows: 'Bourgeois legality (and parliamentarism as the legislature in process of development) is nothing but the particular social form in which the political violence of the bourgeoisie, developing its given economic basis, expresses itself.' Cited in T. Cliff (1959). *Rosa Luxemburg*, <http://www.marxists.org/archive/cliff/works/1959/rosalux/R.Luxemburg> (accessed August 2015). Also in R. Luxemburg (1990). *Gesammelte Werke*, Volume III. Ost-Berlin: 361ff. See also L. Kolakowski (1978). *Main Currents of Marxism*, Volume 2. Oxford and New York: Oxford University Press: 56–7.

See W. Müller and C. Neusüss (1972). 'Die Sozialstaatsillusion und der Widerspruch von Lohnarbeit und Kapital'. *Prokla*, Sonderheft-1, Berlin.

Marx, *Capital*, Volume 1: 790.

Governmentalism: the idea that forming a government of the left is an *adequate and sufficient* condition for a change in enforceable policies, especially as regards 'the reconstructing of the productive basis of the economy' in order to be better able to compete and 'to bring Greece out of the crisis'. This can only sideline the central tasks of building a movement towards the ends of social change and socialism, with a level of active participation that historic experience shows is a vital prerequisite for making the best use of government.

Economism perceives social evolution as the result not of class struggle but the 'development of the productive forces' that (supposedly) comes into conflict with the relations of production, and thus 'makes inevitable' the transformation of the latter.

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